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SUBJECT: AUSTRIAN ENERGY INITIATIVES - BEST PRACTICES

REF: STATE 36153

SUMMARY

¶1. Post solicited information about domestic and international energy initiatives from Herbert Lechner, Scientific Director from the quasi-governmental "Austrian Energy Agency" (AEA), and from Aloisia Woergetter, head of the Ministry of Foreign Affairs' Sustainable Development Unit. The GoA promotes energy efficiency and renewable energy sources, such as biomass and biofuels. Austria has concluded several energy partnerships with various East European countries and with partner countries in the developing world. End Summary.

ENERGY PARTNERSHIPS IN EASTERN EUROPE

¶2. Internationally, Austria is concentrating its efforts on "Energy Partnerships," primarily in Eastern Europe, but also beyond. The AEA carries out most of its projects under this umbrella with funding from various Austrian government entities. Focus states are non-EU countries, including Ukraine, Bulgaria, and Romania, and to a lesser extent, Balkan countries and Moldova. According to Woergetter, bilateral energy partnerships with Southeast European countries are emerging.

¶3. 2004-2005 best practice projects in Ukraine included developing equipment to extract gas from coal; utilizing biofuels; investments in the district heating market; and capacity building for Ukrainian energy experts. In Bulgaria, Austria helped to set up the Bulgarian Energy Efficiency Fund, which focuses on power-heat coupling and solar energy projects. Similarly, the focus in Romania is on bio-energy and power-heat coupling. There remain some ongoing projects in the Czech Republic, Slovakia, Slovenia and Hungary, including hydropower, biomass, building renovation, carbon sequestration, and wind energy. Lechner praised the excellent cooperation with USAID on training energy experts from Bulgaria, Bosnia and Herzegovina, and Albania.

EMERGING MARKETS AND DEVELOPING COUNTRIES

¶4. Our Austrian interlocutors told us that the future focus for energy projects would be increasingly in the developing world and emerging markets. Austria hosts the secretariat of the Renewable Energy and Energy Efficiency Partnership and sponsored several events for the Global Forum on Sustainable Energy in 2003-2005. Austria has created

bilateral partnerships and renewable energy projects with Ethiopia, China and India. Moreover, Austria actively cooperates with the Economic Community of West African States on energy. Our contacts cited a wood efficiency project in Bhutan (construction of smokeless stoves) as a best practice example.

AUSTRIA - SOME 80 PROJECTS ALTOGETHER

15. The AEA naturally carries out a vast number of energy projects in Austria. The main focus in all areas is on increasing energy efficiency and making energy technologies competitive in the public-private energy market. This comprises contracting, public-private partnerships, greenhouse gas emissions trading, and use of the Kyoto Protocol flexible mechanisms -- "joint implementation" and the "clean development mechanism."

16. The overall goal of Austria's domestic energy programs is to contribute to a reduction of greenhouse gas emissions. Austria has targeted initiatives in the transportation sector, which contributes most to rising CO2 emissions. Initiatives include mobility management, incentives for gasoline consumption reductions in autos, increased use of natural gas in the public transport sector, incentives for biomass production, and transferring freight from roads to rail. Other focus points include building insulation, efficient appliances (including support for "Energy Star" projects in Austria), and adding more energy from renewable sources to the energy mix that is provided to businesses and households. Every year AEA manages approximately 80 such energy projects.

THE AEA: A POSSIBLE ALLY FOR ENERGY PARTNERSHIPS

17. The AEA is a government-funded energy research and policy institution, with participation from Austrian federal and state authorities, as well as from approximately 50 institutions and private companies from a variety of sectors. The AEA facilitates public-private-partnerships, and can also be an ally in creating energy partnerships in developing countries. Post recommends collaborating with the AEA to the extent that it is relevant to U.S.-sponsored energy partnerships. AEA contact information: Herbert Lechner, Otto-Bauer-Gasse 6, A-1060 Vienna; phone 43-1-5861524-21, fax 43-1-5861524-40' email herbert.lechner@energyagency.at.

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